

CIA.  
Berlin

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We see Moscow's negotiating position on Berlin as shaping up along the following lines:

First, the four powers should conclude an agreement conferring a new status on West Berlin. The Soviets will probably offer the standard three alternatives for guarantees: by four power troops, neutral forces, or the United Nations, the last being the Soviet preference. A new gambit on the question of four power guarantees is Khrushchev's statement that if the West were to agree to the concept of four power troops in West Berlin, the USSR might not insist on exercising this right to station Soviet troops in the city.

As a second step, Moscow would conclude an agreement with the East Germans by which the latter would undertake to respect the four power agreement, thus avoiding the necessity of direct East German participation in the negotiations and evading the problem of Western refusal to accord recognition to the East Germans. In return, however, the Soviets would propose that the Western powers and Bonn "respect the sovereignty of East Germany"--a vague formula used by Gromyko in his talks in the US. It seems likely that this means at least Western acquiescence to East German controls over access and throughout East Berlin. In any case the formula suggests that the Soviets will continue to press for some form of Western acceptance of the GDR.

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NSF 83 Gaining Scientific Knowledge

S E C R E T

Finally, Moscow would proceed with a separate treaty with East Germany, which would incorporate or take note of the preceding agreements. Thus, the Soviets would hope that by settling the questions dealing primarily with Berlin they would gain a free hand to proceed with a peace treaty with a minimum of risk.

In sum, the Soviets will insist on two conditions: termination of the occupation status, and elimination of political ties between Bonn and West Berlin.

It also seems probable that the Soviets will want to test whether the West is prepared to limit the negotiations to Berlin or broaden the framework. The favorable Soviet response to the President's statements on a NATO-Warsaw Pact arrangement and a restriction on the transfer of nuclear weapons suggests that these two items will get emphasis from the Russians.

We feel that the Soviets may wait up to three months to determine whether negotiations will be arranged. When they estimate that the West is not moving toward negotiations they will probably return to strident ultimatums, perhaps followed by a separate peace treaty.

One of the factors shaping Khrushchev's attitude on Berlin is the potentially explosive situation in East Germany. The East German party has shown considerable evidence of disarray and uncertainty as a result of Khrushchev's retreat

~~S E C R E T~~

on the peace treaty. Moscow's attack on the Stalinist "cult of personality" has left Ulbricht exposed to similar charges in East Germany. Popular support for the regime continues to decline. The Ulbricht regime is facing worsening food and consumers goods shortages; a lack of raw material, fuel and labor for industry; and unrelieved discontent among industrial and agricultural workers. Nevertheless, Ulbricht indicated at the recent East German central committee meeting that he would press ahead with an increasingly austere economic program. The regime may be considering the reintroduction of rationing of essential commodities in the course of the winter which, coupled with increases in selective work norms and prices, could heighten popular discontent.

This situation in East Germany, combined with the sharp Western reaction to his earlier deadline ultimatums, may serve to force Khrushchev to maintain a more conciliatory posture and to negotiate with the West. He has been careful to leave open the door to further bilateral talks with the US or more formal four power negotiations. Nevertheless, Khrushchev probably considers it necessary to maintain pressure against the West. We foresee the continuation of "salami tactics" in Berlin, but not on a scale that would greatly heighten tensions or destroy the possibility of negotiations.

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